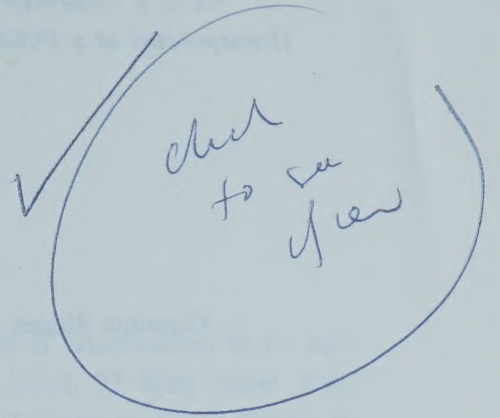


CALVERT Gas & Oils Limited

of Toronto.

Annual Report

FOR THE YEAR ENDED
DECEMBER 31, 1968



Calvert Gas & Oils Limited

(Incorporated as a Public Company under the Laws of the Dominion of Canada)

CAPITALIZATION

	Authorized	Issued
Common Shares	5,000,000	3,700,000

OFFICERS AND DIRECTORS

Officers

J. J. C. EVANS	<i>President</i>
J. M. KIRSCHBAUM	<i>Vice-President</i>
F. W. BOULGER	<i>Secretary-Treasurer</i>
F. G. ROMAN	<i>Assistant Secretary-Treasurer</i>

Directors

F. W. BOULGER	Toronto, Ontario
A. CAMISSO	Toronto, Ontario
J. J. C. EVANS	Toronto, Ontario
J. S. GRANT	Toronto, Ontario
J. M. KIRSCHBAUM	Toronto, Ontario
F. G. ROMAN	Toronto, Ontario
R. RULE	Toronto, Ontario

Transfer Agents

GUARANTY TRUST COMPANY OF CANADA

Auditors

STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL

Administrative Offices

20th Floor, 4 King Street West, Toronto, Ontario

CALVERT GAS & OILS LIMITED

20th Floor, 4 King Street West
TORONTO, ONTARIO

TO THE SHAREHOLDERS:

Enclosed please find Notice calling the Annual Meeting of Shareholders to be held in the Upper Canada Room of the King Edward Sheraton Hotel, 37 King Street East, Toronto, Ontario, on Wednesday, the 25th of June, 1969, at the hour of 11:30 o'clock in the forenoon (Toronto time). Also enclosed is a copy of the balance sheet as at December 31, 1968 with relative statements thereto and the report of the Auditors thereon. There is also enclosed an information circular and form of instrument of proxy for use by those shareholders who cannot personally attend the meeting and wish to vote their shares.

Calvert has acquired a 25% interest in 1,316 unpatented mining claims in the Eastmain River area of Quebec. Jelex Mines Ltd., Brandy Brook Mines Ltd., and Mid-Patapedia Mines Ltd., are the other partners in this venture, each having 25%.

The Eastmain River area is considered to have attractive possibilities for the occurrence of base metal deposits and an exploration program for these claims is under discussion. Subsequent to the year end the Company received \$100,125.00 from the sale of 267,000 shares to an underwriter. Such funds were raised to place the Company in a position to meet its share of the cost of such program.

No further work is planned on the remaining claims held in Lemieux Township, Quebec, at this time, but the claims are being maintained in good standing.

On behalf of the Board of Directors,

J. J. C. EVANS,
President.

Toronto, Ontario,
June 2, 1969.

CALVERT GAS

(Incorporated as a Public Company in Ontario)

Bal

As at De

(With comparative figures for 1967)

ASSETS

	1968	1967
Current Assets		
Cash	\$ 16,551.02	\$ 3,950.81
Short term deposit receipt	16,782.89	20,865.29
Accounts receivable	2,084.16	1,391.41
Prepaid expenses	—	205.00
	<u>\$ 35,418.07</u>	<u>\$ 26,412.51</u>
Fixed Assets (at cost)		
Oil Properties (Note 1)		
Interests in productive leases	\$ 26,691.38	\$ 26,691.38
Development costs on productive leases	28,628.40	53,455.57
Lease equipment	13,867.10	13,749.25
	<u>\$ 69,186.88</u>	<u>\$ 93,896.20</u>
Less: Accumulated depletion and depreciation	27,418.01	24,617.56
	<u>\$ 41,768.87</u>	<u>\$ 69,278.64</u>
Interests in undeveloped leases, reservations, etc.	27,785.71	28,622.98
	<u>\$ 69,554.58</u>	<u>\$ 97,901.62</u>
Mining Properties (Note 2)		
Unpatented mining claims	\$ 75,033.00	\$ 75,533.00
Development costs (as per attached statement)	190,899.37	194,712.46
Mining equipment and supplies	10,000.00	13,221.00
Airstrip	1,000.00	1,000.00
	<u>\$276,932.37</u>	<u>\$284,466.46</u>
	<u>\$381,905.02</u>	<u>\$408,780.59</u>

The accompanying notes to financial statements form an integral part of these statements.

AUDITORS' REPORT

We have examined the balance sheet of Calvert Gas & Oil Limited as at December 31, 1968 and the statements of deficit, operations, deferred development expenditures and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, Ontario,
May 8, 1969.

OILS LIMITED

(In accordance with the Laws of the Dominion of Canada)

Sheet

for the year ended December 31, 1968

(as at December 31, 1967)

LIABILITIES AND SHAREHOLDERS' EQUITY

	1968	1967
Current Liabilities		
Bank loan (secured)	\$ 5,532.96	\$ 13,913.24
Accounts payable and accrued liabilities	893.65	6,162.42
	<u>\$ 6,426.61</u>	<u>\$ 20,075.66</u>
Shareholders' Equity		
Capital Stock (Note 3)		
Authorized		
5,000,000 shares, par value .05¢ each		
Issued and fully paid		
3,700,000 shares	\$185,000.00	\$185,000.00
Add: Premium thereon	271,250.00	271,250.00
	<u>\$456,250.00</u>	<u>\$456,250.00</u>
Capital Surplus	559,380.87	559,380.87
Deficit (as per attached statement)	(640,152.46)	(626,925.94)
	<u>\$375,478.41</u>	<u>\$388,704.93</u>

Approved on behalf of the Board of Directors:

J. J. C. EVANS, Director.

F. G. ROMAN, Director.

<u>\$381,905.02</u>	<u>\$408,780.59</u>
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THE SHAREHOLDERS

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and application of its funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,

STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL,
Chartered Accountants.

CALVERT GAS & OILS LIMITED

STATEMENT OF OPERATIONS

For the Year Ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

	1968	1967
Operating Revenue		
Gross oil and gas sales	\$12,818.48	\$10,813.61
Operating, General and Administrative Expenses		
Production and operating expenses	\$ 1,925.10	\$ 1,667.11
Transfer agents' fees and expenses	2,078.59	1,290.96
Legal fees	365.00	536.87
Directors' fees	1,000.00	1,150.00
Audit fees	575.00	710.03
Annual meeting and shareholders' information	2,604.72	1,548.45
Telephone and telegraph	4.05	103.81
General and office expenses	35.64	14.26
Licenses, fees and taxes	50.00	50.00
Filing fees	606.50	355.50
Interest and bank charges	765.57	1,073.31
Interest earned	(917.60)	(1,479.05)
	\$ 9,092.57	\$ 7,021.25
Net Operating Profit Before Provision		
For Undermentioned Items	\$ 3,725.91	\$ 3,792.36
Depletion (Note 1)	\$ 1,047.78	\$ 882.76
Depreciation (Note 1)	618.48	513.36
Amortization of Development Costs (Note 1)	1,134.19	955.54
Amortization of Organization Costs	—	279.73
Cost of undeveloped oil leases abandoned (Note 1)	6,806.89	—
	\$ 9,607.34	\$ 2,631.39
Net Profit (Loss) For Year	<u>\$ (5,881.43)</u>	<u>\$ 1,160.97</u>

STATEMENT OF DEFICIT

For the Year Ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

	1968	1967
Deficit — January 1	\$626,925.94	\$628,086.91
Add: Cost of mining claims abandoned	500.00	—
Deferred development expenditures on mining claims abandoned	5,524.09	—
Loss on disposal of mining equipment	1,321.00	—
Net loss (profit) for year	5,881.43	(1,160.97)
Deficit — December 31	<u>\$640,152.46</u>	<u>\$626,925.94</u>

CALVERT GAS & OILS LIMITED

STATEMENT OF DEFERRED DEVELOPMENT EXPENDITURES ON MINING CLAIMS

For the Year Ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

	1968	1967
Diamond drilling	\$ —	\$ 30,109.67
Engineers and consultants	200.00	5,520.00
Travelling expense	—	2,433.17
Licenses, fees and taxes	960.00	1,850.00
Prospecting	345.00	744.46
Assays	—	573.45
Miscellaneous	206.00	341.64
Expenditures for the Year	\$ 1,711.00	\$ 41,572.39
Add: Deferred development expenditures at January 1	194,712.46	153,140.07
	<u>\$196,423.46</u>	<u>\$194,712.46</u>
Less: Deferred development expenditures on mining claims abandoned written off to deficit	5,524.09	—
Deferred Development Expenditures at December 31	<u>\$190,899.37</u>	<u>\$194,712.46</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

	1968	1967
Source of Funds		
Net profit (loss) from operations	\$(5,881.43)	\$ 1,160.97
Add: Charges to Operations not Requiring Cash Outlay		
Depletion, depreciation and amortization	2,800.45	2,631.39
Cost of undeveloped oil leases abandoned	6,806.89	—
	<u>\$ 3,725.91</u>	<u>\$ 3,792.36</u>
Proceeds on sale of interest in wholly-owned subsidiary	—	30,000.00
Proceeds on sale of interest in productive leases	22,500.00	—
Proceeds on disposal of mining equipment	1,900.00	—
	<u>\$28,125.91</u>	<u>\$33,792.36</u>
Application of Funds		
Additions to lease equipment	\$ 117.85	\$ 55.89
Additions to interests in undeveloped leases, reservations, etc.	3,588.84	1,273.13
Additions to development costs on productive leases	53.61	—
Deferred development expenditures on mining claims	1,711.00	41,572.39
	<u>\$ 5,471.30</u>	<u>\$42,901.41</u>
Increase (Decrease) in Working Capital	<u>\$22,654.61</u>	<u>\$(9,109.05)</u>

CALVERT GAS & OILS LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 1968

Note 1:

Interests in productive leases, development costs and equipment are carried at cost less accumulated depletion, amortization and depreciation. Depletion of cost of producing properties, amortization of well development costs of producing wells and depreciation of production equipment are being provided for on the unit-of-production basis which will write off the lease cost over their estimated geological life and write off the well development costs and production equipment costs over the estimated geological life of the wells.

Upon retirement or disposal of property assets, the costs of the properties retired or disposed of and the related accumulated depletion, amortization and depreciation are removed from the respective accounts; net profits or losses resulting therefrom are credited or charged to income. Drilling expenses which have resulted in dry holes are being written off to operations.

Interests in undeveloped leases, reservations, etc. are valued at cost. Lease rentals and miscellaneous acquisition costs are being charged to the cost of the respective undeveloped properties. On abandonment of undeveloped properties, their cost, together with accumulated development expenses, will be written off to operations.

Note 2:

No depreciation has been taken on mining equipment and supplies or on the Airstrip. All expenditures on the mining claims are being deferred.

Note 3:

Subsequent to December 31, 1968, the company issued 267,000 of its shares to an underwriter for \$100,125.00.

Note 4:

Subsequent to December 31, 1968, the company acquired a 25% interest in 350 unpatented mining claims in the Eastmain River Area of Quebec for \$15,000.00 and paid \$10,000.00 for its share of an aerial survey thereon. The company has an option to purchase up to 25% of an additional 1,000 unpatented mining claims in this area at \$60.00 per claim.

CALVERT GAS & OILS LIMITED

20th Floor — 4 King Street West,
TORONTO 1, ONTARIO

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of Calvert Gas & Oils Limited (hereinafter called "the Company") will be held in the Upper Canada Room of the King Edward Sheraton Hotel, 37 King Street East, Toronto, Ontario, on Tuesday, the 18th day of June, 1968, at the hour of 11:00 o'clock in the forenoon (Toronto time) for the following purposes:

1. To receive the balance sheet as at December 31, 1967 together with statement of deficit, statement of operations, statement of deferred development expenditures and statement of source and application of funds for the year ended December 31, 1967, together with the reports of the directors and auditors thereon.
2. To elect directors.
3. To appoint auditors and to authorize the directors to fix their remuneration.
4. To transact such further and other business as may properly come before the said meeting or any adjournment thereof.

DATED at Toronto, Ontario, this 22nd day of May, 1968.

By order of the Board,

F. W. BOULGER,
Secretary.

File

INFORMATION CIRCULAR

This circular is furnished in connection with the solicitation of proxies by or on behalf of the management of CALVERT GAS & OILS LIMITED (hereinafter sometimes called "the Company") for use at the annual meeting of shareholders of the Company to be held on Tuesday, the 18th day of June, 1968, at 11:00 o'clock in the forenoon (Toronto time) at the Upper Canada Room, King Edward Sheraton Hotel, 37 King Street East, Toronto, Ontario, Canada, for the purposes set forth in the foregoing notice of meeting.

RIGHT OF REVOCATION

A shareholder executing the enclosed proxy has the power to revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing deposited either at the head office of the Company at any time up to and including the last business day preceding the day of the meeting or any adjournment thereof at which the proxy is to be used or with the chairman of such meeting on the day of the meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked.

PERSONS MAKING SOLICITATION AND METHOD THEREOF

The enclosed proxy is solicited by the management of the Company and the cost of solicitation will be borne by the Company. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited by regular employees of the Company at nominal cost.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Only shareholders of record at the time of the said meeting of June 18, 1968, will be entitled to vote at the annual meeting. Each share of the Company is entitled to one vote. The Company has only one class of shares. At May 20, 1968, the Company had outstanding 3,700,000 shares with a par value of 5¢ each.

To the knowledge of the directors or senior officers of the Company no person, firm or corporation is the beneficial owner directly or indirectly of equity shares of the Company carrying more than 10% of the voting rights attached to all equity shares of the Company.

ELECTION OF DIRECTORS

There are presently seven (7) directors of the Company. The shareholders will be asked at the annual meeting to elect seven (7) directors. The following are the names of the seven persons for whom it is intended that the votes will be cast for their election as directors pursuant to the proxy which is hereby solicited: F. W. Boulger, J. J. C. Evans, John S. Grant, Q.C., Dr. J. M. Kirschbaum, J. G. Pickard, F. G. Roman and R. A. Rule.

The term of office for each director is from the date of the meeting at which he is elected until the annual meeting next following or until his successor is elected or appointed. All of the foregoing are presently directors of the Company. In the event that prior to the annual meeting any vacancies occur in the slate of nominees submitted herewith, it is intended that discretionary authority shall be granted to vote the proxy for the election of any other person or persons as directors. The management is not presently aware that any of such nominees would be unwilling to serve as a director if elected.

J. J. C. Evans is the President and F. W. Boulger is the Secretary-Treasurer of the Company at present.

INFORMATION CONCERNING NOMINEES AS DIRECTORS

<u>Name and Principal Occupation</u>	<u>Period(s) served as a Director</u>	<u>Shares beneficially owned directly or indirectly as at May 22, 1968.</u>
F. W. BOULGER, Accountant, Denison Mines Limited, Toronto.	Since 1965	1
J. J. C. EVANS, Vice-President, Gardiner, Watson Limited, Stock Brokers, Toronto.	Since 1965	2,001
JOHN S. GRANT, Q.C., Partner — Manley, Grant & Armstrong, Barristers & Solicitors, Toronto.	Since Feb. 1967	1
J. M. KIRSCHBAUM, Vice-President Edgar T. Alberts Limited, Toronto.	Since May 1968	1
J. G. PICKARD, Vice-President and Director, Denison Mines Limited, Toronto.	Since June 1967	1
F. G. ROMAN, Accountant, Denison Mines Limited, Toronto.	Since 1965	13,001
R. A. RULE, President, A. E. Rule (1965) Limited, General Contractors, Toronto.	Since 1965	20,001

All nominees have held the principal occupations indicated for more than the last five years except that Mr. Evans was formerly the President of E. H. Pooler & Co. Limited, Members, Toronto Stock Exchange until June, 1967.

REMUNERATION OF MANAGEMENT

During the fiscal year ended December 31, 1967, the aggregate remuneration paid by the Company to its directors and senior officers was \$1,150 and represents a fee of \$50 per meeting paid to each director who attended. No salaries were paid to directors or officers.

APPOINTMENT OF AUDITORS

It is intended to vote the proxy to re-appoint the firm of Starkman, Kraft, Rothman, Berger & Grill (formerly Soupcoff, Starkman, Kraft & Co.), Chartered Accountants, of Toronto, the present auditors, as the auditors of the Company to hold office until the next annual meeting of shareholders. Such firm was first appointed auditors of the Company on April 20, 1965.

PARTICULARS OF MATTERS TO BE ACTED UPON

Management is not now aware that any matters will be submitted to the forthcoming annual meeting of shareholders other than the receipt and consideration of the aforesaid financial statements, the election of directors and the appointment of auditors, all as referred to in the foregoing notice of meeting. If any other matters not now known to management shall properly come before the meeting, including a vacancy or vacancies caused by one or more of the nominees for directors becoming unavailable for election, the accompanying proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.

MANNER OF VOTING PROXIES

The shares represented by proxies received by the management will be voted, and will be voted in accordance with the statements made above. The accompanying instrument of proxy, if signed, dated and returned to the Company prior to the meeting duly completed in the names of the persons therein named, will be voted in the election of the board of directors and in favour of the appointment of auditors aforesaid, all as set forth above. It is not intended to use the proxy for the purpose of voting upon the financial statements of the Company for the year ended December 31, 1967 and the reports of the directors and auditors thereon.

THE PERSONS NAMED IN THE ACCOMPANYING INSTRUMENT OF PROXY ARE OFFICERS OF THE COMPANY. A SHAREHOLDER HAS THE RIGHT TO APPOINT ANY PERSON OTHER THAN THOSE NAMED TO REPRESENT HIM AT THE MEETING AND IF USING THE ACCOMPANYING INSTRUMENT, SHOULD STRIKE OUT THE PRINTED NAMES AND INSERT THE NAME OF HIS NOMINEE IN THE SPACE PROVIDED THEREFOR. A SHAREHOLDER MAY SUBMIT ANY OTHER APPROPRIATE INSTRUMENT OF PROXY.

On behalf of the Board of Directors,

J. J. C. EVANS,
President.

DATED this 22nd day of May, 1968.